

**FIRST SET OF INFORMATION REQUESTS OF THE
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

**BLACKSTONE GAS COMPANY
D.T.E. 04-79**

Question:

DTE 1-1 Please provide an example of the price cap formula with workpapers and calculations. For purposes of this response, assume a chain-weighted gross domestic product index ("DGP-PI") of three percent and an exogenous factor of \$6,000.

Response: For the purpose of this response the weighted average price is assumed to be the normalized base revenue divided by the normalized sales. The percent increase is calculated as follows: 3% inflation minus 0.5% productivity factor plus 0.8% exogenous factor for a total of 3.3%. The exogenous factor percentage is calculated by dividing the \$6,000 by the normalized revenue of \$738,240. The weighted average price is then multiplied by $1 + 0.033$. Please see Attachment DTE 1-1 for the calculations.

**Attachment DTE
1-1**

Calculation of P(t-1)

Rate Class	Normal Sales	Normal Revenue	Avg
R-1	24,230	\$31,839	
R-2	28	\$97	
R-3	653,730	\$451,768	
R-4	20,054	\$10,990	
G-1	377,918	\$222,326	
S-1	70,051	\$21,219	
Total	1,146,011	\$738,240	\$0.6442 /Ccf

Calculation of Zt Exogenous Event	\$6,000
Total Normal Revenue	\$738,240
Percent	0.8%

P(t-1)	0.644182
It	3.0%
X	0.5%
Zt	0.8%
Pt	\$0.6655 /Ccf

Normal Sales and Revenue are from 2003 Cost of Service included in the Settlement filing

**Response to Department of Telecommunications
and Energy
First Set of Information Requests
Persons Responsible: Arthur Freitas**

**Blackstone Gas Company
D.T.E. 04-79**

**FIRST SET OF INFORMATION REQUESTS OF THE
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

**BLACKSTONE GAS COMPANY
D.T.E. 04-79**

Question:
DTE-1-2 Please provide the rationale behind the illustrative rates for debt and equity assumed for Rate of Return.

Response: The rates that appear in the Rate of Return calculation are the rates that the Company pays for debt and the approved rate of return on equity.

**Response to Department of Telecommunications
and Energy
First Set of Information Requests
Persons Responsible: Arthur Freitas and Counsel**

**Blackstone Gas Company
D.T.E. 04-79**

**FIRST SET OF INFORMATION REQUESTS OF THE
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

**BLACKSTONE GAS COMPANY
D.T.E. 04-79**

Question:

DTE 1-3 Please note the reason for using 2002 as the test year for analyses rather than 2003.

Response: 2002 is used as the test year because discussions with the Attorney General began during 2003 and the 2003 cost information wasn't available until Spring of 2004.

**Response to Department of Telecommunications
and Energy
First Set of Information Requests
Persons Responsible: Arthur Freitas**

**Blackstone Gas Company
D.T.E. 04-79**

**FIRST SET OF INFORMATION REQUESTS OF THE
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

**BLACKSTONE GAS COMPANY
D.T.E. 04-79**

Question:

DTE 1-4: Please provide an electronic copy of all spreadsheets, calculations, and data used in all analysis.

Response: Please see the electronic file DTE 1-4.zip. It contains the following files:

2003COS.xls – Cost of Service Study

PRModel.xls – Proportional Responsibility allocator used in the COSS

Rate Design Settlement rev2.xls – Rate Design and Bill Impacts

Weather Normalization – original.xls – Sales and Revenue weather
normalization.

**FIRST SET OF INFORMATION REQUESTS OF THE
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

**BLACKSTONE GAS COMPANY
D.T.E. 04-79**

Question:

DTE-1-5 Refer to Exhibit B, Schedule 1. Please explain and provide workpapers for how the "Normal Base Revenue" line has been weather normalized.

Response: Please see the file Weather Normalization – original.xls included in response to DTE 1-4. In calculating the normal base revenues, the difference between normal sales and actual sales for each rate class is calculated. Using the tailblock rate for each rate class the revenue adjustment due to weather normalization is calculated. This adjustment is then added to the actual base revenue to produce normal base revenue.

**Response to Department of Telecommunications
and Energy
First Set of Information Requests
Persons Responsible: Arthur Freitas**

**Blackstone Gas Company
D.T.E. 04-79**

**FIRST SET OF INFORMATION REQUESTS OF THE
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

**BLACKSTONE GAS COMPANY
D.T.E. 04-79**

Question:

DTE 1-6 Refer to Exhibit B, Schedule 1. Please explain how the rate used in the
"Interest on Customer Deposits" was chosen and/or calculated.

Response: The interest rate for the interest on customer deposits calculation is the
Company's weighted average cost of capital.

**Response to Department of Telecommunications
and Energy
First Set of Information Requests
Persons Responsible: Arthur Freitas**

**Blackstone Gas Company
D.T.E. 04-79**

**FIRST SET OF INFORMATION REQUESTS OF THE
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

**BLACKSTONE GAS COMPANY
D.T.E. 04-79**

Question:

DTE 1-7 Refer to Exhibit B, Schedule 1. Please explain the derivation of the values in the "Less Other Revenues" line.

Response: The figure on the line for other revenues is Miscellaneous Nonoperating Income as reported in the Annual Return to the Department

**Response to Department of Telecommunications
and Energy
First Set of Information Requests
Persons Responsible: Arthur Freitas**

**Blackstone Gas Company
D.T.E. 04-79**

**FIRST SET OF INFORMATION REQUESTS OF THE
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

**BLACKSTONE GAS COMPANY
D.T.E. 04-79**

Question:

DTE 1-8 Refer to Exhibit B, Schedules 1, 4, and 5. Please provide calculations and analyses to derive the "Return on Ratebase" values on Schedule 1, the "Total Rate Base" values on Schedule 4, and the "Rate Base" values on Schedule 5. Please reconcile any differences between the "Rate Base" on Schedule 5, the "Total Rate Base" on Schedule 4, and/or the rate based used to derive the "Return on Ratebase" in Schedule 1.

Response: There was an error in the line "Total Rate Base" on Schedule 4 for the individual rate classes only. The Company total rate base figure is correct. The error had no effect on the class revenue requirements or the return on rate base. Attachment DTE 1-8 contains revised Schedules 1 through 5.

**FIRST SET OF INFORMATION REQUESTS OF THE
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

**BLACKSTONE GAS COMPANY
D.T.E. 04-79**

Question:

DTE 1-9 Refer to Exhibit B, Schedule 4. Please explain the treatment of "reserves for deferred income taxes," "customer deposits," and "working capital" components in deriving total rate base for each class and the company as a whole. As part of this response, explain why "customer deposits" and "working capital" are treated as additions to "total net plant" for each customer class, but as deductions for the total company.

Response: This discrepancy is related to the error identified in response to DTE 1-8. The revised schedules attached to DTE 1-8 show the corrected calculations for total rate base for the classes and the Company as a whole. Working capital is treated as an addition to rate base and customer deposits and reserves for deferred income taxed are treated as reductions to rate base.

**Response to Department of Telecommunications
and Energy
First Set of Information Requests
Persons Responsible: Arthur Freitas**

**Blackstone Gas Company
D.T.E. 04-79**

**FIRST SET OF INFORMATION REQUESTS OF THE
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

**BLACKSTONE GAS COMPANY
D.T.E. 04-79**

Question:

DTE 1-10 Refer to Exhibit B, Schedule 4. Please explain the \$214,518 in the "Proforma Ratebase Adjustments" line and its use, if any, in all rate base analyses.

Response: The 214,518 figure on the Proforma Rate Base Adjustments line is not used in any of the rate base calculations. It was an internal check during the preparation of the cost of service. The Company is not proposing any proforma adjustments to rate base.

**Response to Department of Telecommunications
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First Set of Information Requests
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**Blackstone Gas Company
D.T.E. 04-79**

**FIRST SET OF INFORMATION REQUESTS OF THE
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

**BLACKSTONE GAS COMPANY
D.T.E. 04-79**

Question:

DTE 1-11 Please explain and provide all analyses, calculations, and data used to derive the 8.06 percent Rate of Return.

Response: Please refer to the file 2003COS.xls included in the response to DTE 1-4.

**Response to Department of Telecommunications
and Energy
First Set of Information Requests
Persons Responsible: Arthur Freitas**

**Blackstone Gas Company
D.T.E. 04-79**

**FIRST SET OF INFORMATION REQUESTS OF THE
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

**BLACKSTONE GAS COMPANY
D.T.E. 04-79**

Question:

DTE 1-12 Refer to Exhibit B, Schedule 4. Please provide workpapers and explanation for the debt and equity balances. In addition, provide the Debt/Equity ratio and explain how this is expected to be affected by the rate change.

Response: The balance for Proprietary Capital and the two GMAC loans are from the Company's 2002 Annual Return to the Department. The balance for the Dean Bank note is from the Company's recent refinancing, in DTE 03-65. The debt to equity ratio is approximately 50/50. The rate change is not expected to have an affect on the debt/equity ratio.

**Response to Department of Telecommunications
and Energy
First Set of Information Requests
Persons Responsible: Arthur Freitas**

**Blackstone Gas Company
D.T.E. 04-79**

**FIRST SET OF INFORMATION REQUESTS OF THE
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

**BLACKSTONE GAS COMPANY
D.T.E. 04-79**

Question:

DTE 1-13 Refer to Exhibit B, Schedule 5. Please explain the derivation of the "Direct Labor" numbers

Response: Direct Labor is the sum of Operations Supervision and Engineering, Maintenance Supervision and Engineering, and Meter Reading Expense.

**Response to Department of Telecommunications
and Energy
First Set of Information Requests
Persons Responsible: Arthur Freitas**

**Blackstone Gas Company
D.T.E. 04-79**

**FIRST SET OF INFORMATION REQUESTS OF THE
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

**BLACKSTONE GAS COMPANY
D.T.E. 04-79**

Question:

DTE 1-14 Refer to Exhibit B, Schedule 5. Please explain the derivation of the
"Uncollectible" numbers.

Response: Data on uncollectible accounts by rate class was not available. The percentage
allocation for the uncollectible accounts to the rate classes is the allocation
approved in the Company's previous rate case. The numbers on Exhibit B
Schedule 5 are not used in any analysis or allocation. The allocators in the
Uncollectible line on Exhibit B Schedule 6 are used to allocate the uncollectible
expense.

**Response to Department of Telecommunications
and Energy
First Set of Information Requests
Persons Responsible: Arthur Freitas**

**Blackstone Gas Company
D.T.E. 04-79**

**FIRST SET OF INFORMATION REQUESTS OF THE
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

**BLACKSTONE GAS COMPANY
D.T.E. 04-79**

Question:
DTE 1-15 Please provide the billing determinants used for all analyses in Exhibit C.

Response: Please refer to the file Rate Design Settlement Rev2.xls provided in response to
DTE 1-4

**Response to Department of Telecommunications
and Energy
First Set of Information Requests
Persons Responsible: Arthur Freitas**

**Blackstone Gas Company
D.T.E. 04-79**

**FIRST SET OF INFORMATION REQUESTS OF THE
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

**BLACKSTONE GAS COMPANY
D.T.E. 04-79**

Question:
DTE 1-16 Please explain and provide workpapers and calculations for the \$5,700 low income shortfall as listed in Exhibit C, Revenue Target sheet.

Response: The \$5,700 is the low income shortfall as approved in the Company's previous rate case.

**Response to Department of Telecommunications
and Energy
First Set of Information Requests
Persons Responsible: Arthur Freitas**

**Blackstone Gas Company
D.T.E. 04-79**

**FIRST SET OF INFORMATION REQUESTS OF THE
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**BLACKSTONE GAS COMPANY
D.T.E. 04-79**

Question:
DTE 1-17 Refer to Exhibit C, Rate Design Worksheet. Please provide workpapers for all calculations and numbers. As part of this response, reconcile the number of customers in each month with their usage.

Response: Please refer to the files Rate Design Settlement Rev2.xls and Weather Normalization – original.xls provided in response to DTE 1-4.

**Response to Department of Telecommunications
and Energy
First Set of Information Requests
Persons Responsible: Counsel**

**Blackstone Gas Company
D.T.E. 04-79**

**FIRST SET OF INFORMATION REQUESTS OF THE
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

**BLACKSTONE GAS COMPANY
D.T.E. 04-79**

Question:

DTE 1-18 Please submit bill impact analyses incorporating the estimated CGA that will be in effect as of November 1, 2004.

Response: The Company will supply this information when it files its CGA reconciliation filing on or about September 15, 2004.

**Response to Department of Telecommunications
and Energy
First Set of Information Requests
Persons Responsible: Arthur Freitas**

**Blackstone Gas Company
D.T.E. 04-79**

**FIRST SET OF INFORMATION REQUESTS OF THE
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

**BLACKSTONE GAS COMPANY
D.T.E. 04-79**

Question:
DTE 1-19 Refer to Exhibit C. Please provide bill impact analyses for rates R-2 and R-4.

Response: Please see Attachment DTE 1-19.

Attachment DTE 1-19

Blackstone Gas Company
Peak Season Bill Impact Analysis

Residential Non-Heating (R-1)

		Current Peak	Proposed Peak	Increase (Decrease)	% Change
Customer Charge		\$9.00	\$9.00	\$0.00	0.00%
Distribution Charge					
Head	10	\$0.77070	\$0.79998	\$0.02928	3.80%
Tailblock	10	\$0.54141	\$0.57069	\$0.02928	5.41%
CGA		\$0.77203	\$0.77203	\$0.0000	0.00%
LDA		\$0.00000	\$0.00000	\$0.0000	0.00%
C					
Average Monthly Bills					
5 CCF		\$16.71	\$16.86	\$0.15	0.88%
10 CCF		\$24.43	\$24.72	\$0.29	1.20%
15 CCF		\$34.85	\$35.43	\$0.59	1.68%
20 CCF		\$45.27	\$46.15	\$0.88	1.94%
25 CCF		\$55.69	\$56.86	\$1.17	2.10%
30 CCF		\$66.11	\$67.57	\$1.46	2.21%
35 CCF		\$76.53	\$78.29	\$1.76	2.30%
40 CCF		\$86.95	\$89.00	\$2.05	2.36%
45 CCF		\$97.37	\$99.71	\$2.34	2.41%
50 CCF		\$107.79	\$110.43	\$2.64	2.44%

Blackstone Gas Company
Peak Season Bill Impact Analysis

Residential Low Income Non-Heating (R-2)

			Current Peak	Proposed Peak	Increase (Decrease)	% Change
Customer Charge			\$6.75	\$6.75	\$0.00	0.00%
Distribution Charge						
	Head	10	\$0.57803	\$0.59999	\$0.02196	3.80%
	Tailblock	10	\$0.40606	\$0.42802	\$0.02196	5.41%
CGA			\$0.77203	\$0.77203	\$0.0000	0.00%
LDA			\$0.00000	\$0.00000	\$0.0000	0.00%
C						
Average Monthly Bills						
	5 CCF		\$13.50	\$13.61	\$0.11	0.81%
	10 CCF		\$20.25	\$20.47	\$0.22	1.08%
	15 CCF		\$29.03	\$29.47	\$0.44	1.51%
	20 CCF		\$37.81	\$38.47	\$0.66	1.74%
	25 CCF		\$46.59	\$47.47	\$0.88	1.89%
	30 CCF		\$55.37	\$56.47	\$1.10	1.98%
	35 CCF		\$64.15	\$65.47	\$1.32	2.05%
	40 CCF		\$72.93	\$74.47	\$1.54	2.11%
	45 CCF		\$81.71	\$83.47	\$1.76	2.15%
	50 CCF		\$90.50	\$92.47	\$1.98	2.18%

Blackstone Gas Company
Peak Season Bill Impact Analysis

Residential Heating (R-3)

			Current Peak	Proposed Peak	Increase (Decrease)	% Change
Customer Charge			\$9.00	\$9.00	\$0.00	0.00%
Distribution Charge						
	Head	30	\$0.73161	\$0.76089	\$0.02928	4.00%
	Tailblock	30	\$0.48109	\$0.51037	\$0.02928	6.09%
CGA			\$0.77203	\$0.77203	\$0.0000	0.00%
LDA			\$0.00000	\$0.00000	\$0.0000	0.00%
C						
Average Monthly Bills						
	25 CCF		\$46.59	\$47.32	\$0.73	1.57%
	50 CCF		\$79.17	\$80.64	\$1.46	1.85%
	75 CCF		\$110.50	\$112.70	\$2.20	1.99%
	100 CCF		\$141.83	\$144.76	\$2.93	2.06%
	125 CCF		\$173.16	\$176.82	\$3.66	2.11%
	150 CCF		\$204.48	\$208.88	\$4.39	2.15%
	175 CCF		\$235.81	\$240.94	\$5.12	2.17%
	200 CCF		\$267.14	\$273.00	\$5.86	2.19%
	225 CCF		\$298.47	\$305.06	\$6.59	2.21%
	250 CCF		\$329.80	\$337.12	\$7.32	2.22%
	300 CCF		\$392.45	\$401.24	\$8.78	2.24%
	350 CCF		\$455.11	\$465.36	\$10.25	2.25%
	400 CCF		\$517.76	\$529.48	\$11.71	2.26%
	450 CCF		\$580.42	\$593.60	\$13.18	2.27%
	500 CCF		\$643.08	\$657.72	\$14.64	2.28%

Blackstone Gas Company
Peak Season Bill Impact Analysis

Residential Low Income Heating (R-4)

			Current Peak	Proposed Peak	Increase (Decrease)	% Change
Customer Charge			\$6.75	\$6.75	\$0.00	0.00%
Distribution Charge						
	Head	30	\$0.54871	\$0.57067	\$0.02196	4.00%
	Tailblock	30	\$0.36082	\$0.38278	\$0.02196	6.09%
CGA			\$0.77203	\$0.77203	\$0.0000	0.00%
LDA			\$0.00000	\$0.00000	\$0.0000	0.00%
C						
Average Monthly Bills						
	25 CCF		\$39.77	\$40.32	\$0.55	1.38%
	50 CCF		\$69.03	\$70.13	\$1.10	1.59%
	75 CCF		\$97.35	\$99.00	\$1.65	1.69%
	100 CCF		\$125.67	\$127.87	\$2.20	1.75%
	125 CCF		\$153.99	\$156.74	\$2.75	1.78%
	150 CCF		\$182.31	\$185.61	\$3.29	1.81%
	175 CCF		\$210.64	\$214.48	\$3.84	1.82%
	200 CCF		\$238.96	\$243.35	\$4.39	1.84%
	225 CCF		\$267.28	\$272.22	\$4.94	1.85%
	250 CCF		\$295.60	\$301.09	\$5.49	1.86%
	300 CCF		\$352.24	\$358.83	\$6.59	1.87%
	350 CCF		\$408.88	\$416.57	\$7.69	1.88%
	400 CCF		\$465.53	\$474.31	\$8.78	1.89%
	450 CCF		\$522.17	\$532.05	\$9.88	1.89%
	500 CCF		\$578.81	\$589.79	\$10.98	1.90%

Blackstone Gas Company
Peak Season Bill Impact Analysis

General Service (G-1)

		Current Peak	Proposed Peak	Increase (Decrease) e)	% Change
Customer Charge		\$12.00	\$12.00	\$0.00	0.00%
Distribution Charge					
Head	30	\$0.74188	\$0.77116	\$0.0293	3.95%
MidBlock	360	\$0.55487	\$0.58415	\$0.0293	5.28%
TailBlock	360	\$0.48784	\$0.51712	\$0.0293	6.00%
CGA		\$0.77203	\$0.77203	\$0.0000	0.00%
LDA		\$0.00000	\$0.00000	\$0.0000	0.00%
C					
Average Monthly Bills					
25 CCF		\$49.85	\$50.58	\$0.73	1.47%
50 CCF		\$83.96	\$85.42	\$1.46	1.74%
75 CCF		\$117.13	\$119.32	\$2.20	1.87%
100 CCF		\$150.30	\$153.23	\$2.93	1.95%
150 CCF		\$216.65	\$221.04	\$4.39	2.03%
200 CCF		\$282.99	\$288.85	\$5.86	2.07%
250 CCF		\$349.34	\$356.66	\$7.32	2.10%
300 CCF		\$415.68	\$424.46	\$8.78	2.11%
350 CCF		\$482.03	\$492.27	\$10.25	2.13%
400 CCF		\$545.69	\$557.40	\$11.71	2.15%
450 CCF		\$608.68	\$621.86	\$13.18	2.16%
500 CCF		\$671.68	\$686.32	\$14.64	2.18%
750 CCF		\$986.64	\$1,008.60	\$21.96	2.23%
1,000 CCF		\$1,301.61	\$1,330.89	\$29.28	2.25%
1,250 CCF		\$1,616.58	\$1,653.18	\$36.60	2.26%
1,500 CCF		\$1,931.55	\$1,975.47	\$43.92	2.27%
1,750 CCF		\$2,246.51	\$2,297.75	\$51.24	2.28%

Blackstone Gas Company
Peak Season Bill Impact Analysis

School Rate				
	Current Peak	Proposed Peak	Increase (Decrease) e)	% Change
Customer Charge	\$12.00	\$12.00	\$0.00	0.00%
Distribution Charge				
All Usage	\$0.30708	\$0.42842	\$0.1213	39.51%
CGA	\$0.77203	\$0.77203	\$0.0000	0.00%
LDA	\$0.00000	\$0.00000	\$0.0000	0.00%
C				
Average Monthly Bills				
25 CCF	\$38.98	\$42.01	\$3.03	7.78%
50 CCF	\$65.96	\$72.02	\$6.07	9.20%
75 CCF	\$92.93	\$102.03	\$9.10	9.79%
100 CCF	\$119.91	\$132.04	\$12.13	10.12%
150 CCF	\$173.87	\$192.07	\$18.20	10.47%
200 CCF	\$227.82	\$252.09	\$24.27	10.65%
250 CCF	\$281.78	\$312.11	\$30.34	10.77%
300 CCF	\$335.73	\$372.13	\$36.40	10.84%
350 CCF	\$389.69	\$432.16	\$42.47	10.90%
400 CCF	\$443.64	\$492.18	\$48.54	10.94%
450 CCF	\$497.60	\$552.20	\$54.60	10.97%
500 CCF	\$551.55	\$612.22	\$60.67	11.00%
750 CCF	\$821.33	\$912.34	\$91.00	11.08%
1,000 CCF	\$1,091.11	\$1,212.45	\$121.34	11.12%
1,250 CCF	\$1,360.89	\$1,512.56	\$151.68	11.15%
1,500 CCF	\$1,630.66	\$1,812.67	\$182.01	11.16%
1,750 CCF	\$1,900.44	\$2,112.79	\$212.35	11.17%

Blackstone Gas Company

Off Peak Bill Impact Analysis

Residential Non-Heating (R-1)

		Current Off Peak	Proposed Off Peak	Increase (Decrease)	% Change
Customer Charge		\$9.00	\$9.00	\$0.00	0.00%
Distribution Charge					
Head	10	\$0.77070	\$0.79998	\$0.02928	3.80%
Tailblock	10	\$0.37316	\$0.40244	\$0.02928	7.85%
CGA		\$0.77203	\$0.77203	\$0.0000	0.00%
LDA		\$0.00000	\$0.00000	\$0.0000	0.00%
C					
Average Monthly Bills					
5 CCF		\$16.71	\$16.86	\$0.15	0.88%
10 CCF		\$24.43	\$24.72	\$0.29	1.20%
15 CCF		\$34.01	\$34.59	\$0.59	1.72%
20 CCF		\$43.59	\$44.46	\$0.88	2.02%
25 CCF		\$53.17	\$54.34	\$1.17	2.20%
30 CCF		\$62.75	\$64.21	\$1.46	2.33%
35 CCF		\$72.32	\$74.08	\$1.76	2.43%
40 CCF		\$81.90	\$83.95	\$2.05	2.50%
45 CCF		\$91.48	\$93.83	\$2.34	2.56%
50 CCF		\$101.06	\$103.70	\$2.64	2.61%

Blackstone Gas Company

Off Peak Bill Impact Analysis

Residential Low Income Non-Heating (R-2)

		Current Off Peak	Proposed Off Peak	Increase (Decrease)	% Change
Customer Charge		\$6.75	\$6.75	\$0.00	0.00%
Distribution Charge					
Head	10	\$0.57803	\$0.59999	\$0.02196	3.80%
Tailblock	10	\$0.27987	\$0.30183	\$0.02196	7.85%
CGA		\$0.77203	\$0.77203	\$0.0000	0.00%
LDA		\$0.00000	\$0.00000	\$0.0000	0.00%
C					
Average Monthly Bills					
5 CCF		\$13.50	\$13.61	\$0.11	0.81%
10 CCF		\$20.25	\$20.47	\$0.22	1.08%
15 CCF		\$28.40	\$28.84	\$0.44	1.55%
20 CCF		\$36.55	\$37.21	\$0.66	1.80%
25 CCF		\$44.70	\$45.58	\$0.88	1.97%
30 CCF		\$52.85	\$53.95	\$1.10	2.08%
35 CCF		\$61.00	\$62.32	\$1.32	2.16%
40 CCF		\$69.15	\$70.69	\$1.54	2.22%
45 CCF		\$77.30	\$79.05	\$1.76	2.27%
50 CCF		\$85.45	\$87.42	\$1.98	2.31%

Blackstone Gas Company

Off Peak Bill Impact Analysis

Residential Heating (R-3)

			Current Off Peak	Proposed Off Peak	Increase (Decrease)	% Change
Customer Charge			\$9.00	\$9.00	\$0.00	0.00%
Distribution Charge						
	Head	30	\$0.73161	\$0.76089	\$0.0293	4.00%
	Tailblock	30	\$0.32247	\$0.35175	\$0.0293	9.08%
CGA			\$0.77203	\$0.77203	\$0.0000	0.00%
LDA			\$0.00000	\$0.00000	\$0.0000	0.00%
C						
Average Monthly Bills						
	25 CCF		\$46.59	\$47.32	\$0.73	1.57%
	50 CCF		\$76.00	\$77.46	\$1.46	1.93%
	75 CCF		\$103.36	\$105.56	\$2.20	2.12%
	100 CCF		\$130.72	\$133.65	\$2.93	2.24%
	125 CCF		\$158.09	\$161.75	\$3.66	2.32%
	150 CCF		\$185.45	\$189.84	\$4.39	2.37%
	175 CCF		\$212.81	\$217.94	\$5.12	2.41%
	200 CCF		\$240.17	\$246.03	\$5.86	2.44%
	225 CCF		\$267.54	\$274.12	\$6.59	2.46%
	250 CCF		\$294.90	\$302.22	\$7.32	2.48%
	300 CCF		\$349.62	\$358.41	\$8.78	2.51%
	350 CCF		\$404.35	\$414.60	\$10.25	2.53%
	400 CCF		\$459.07	\$470.79	\$11.71	2.55%
	450 CCF		\$513.80	\$526.98	\$13.18	2.56%
	500 CCF		\$568.52	\$583.16	\$14.64	2.58%

Blackstone Gas Company

Off Peak Bill Impact Analysis

Residential Low Income Heating (R-4)

		Current Off Peak	Proposed Off Peak	Increase (Decrease)	% Change
Customer Charge		\$6.75	\$6.75	\$0.00	0.00%
Distribution Charge					
Head	30	\$0.54871	\$0.57067	\$0.0220	4.00%
Tailblock	30	\$0.24185	\$0.26381	\$0.0220	9.08%
CGA		\$0.77203	\$0.77203	\$0.0000	0.00%
LDA		\$0.00000	\$0.00000	\$0.0000	0.00%
C					
Average Monthly Bills					
25 CCF		\$39.77	\$40.32	\$0.55	1.38%
50 CCF		\$66.65	\$67.75	\$1.10	1.65%
75 CCF		\$92.00	\$93.64	\$1.65	1.79%
100 CCF		\$117.34	\$119.54	\$2.20	1.87%
125 CCF		\$142.69	\$145.44	\$2.75	1.92%
150 CCF		\$168.04	\$171.33	\$3.29	1.96%
175 CCF		\$193.38	\$197.23	\$3.84	1.99%
200 CCF		\$218.73	\$223.12	\$4.39	2.01%
225 CCF		\$244.08	\$249.02	\$4.94	2.02%
250 CCF		\$269.43	\$274.92	\$5.49	2.04%
300 CCF		\$320.12	\$326.71	\$6.59	2.06%
350 CCF		\$370.81	\$378.50	\$7.69	2.07%
400 CCF		\$421.51	\$430.29	\$8.78	2.08%
450 CCF		\$472.20	\$482.08	\$9.88	2.09%
500 CCF		\$522.90	\$533.88	\$10.98	2.10%

Blackstone Gas Company

Off Peak Bill Impact Analysis

General Service (G-1)

		Current Off Peak	Proposed Off Peak	Increase (Decrease) e)	% Change
Customer Charge		\$12.00	\$12.00	\$0.00	0.00%
Distribution Charge					
Head	30	\$0.74188	\$0.77116	\$0.0293	3.95%
MidBlock	360	\$0.42335	\$0.45263	\$0.0293	6.92%
TailBlock	360	\$0.32700	\$0.35628	\$0.0293	8.95%
CGA		\$0.77203	\$0.77203	\$0.0000	0.00%
LDA		\$0.00000	\$0.00000	\$0.0000	0.00%
C					

Average
Monthly Bills

25 CCF	\$49.85	\$50.58	\$0.73	1.47%
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50 CCF	\$81.32	\$82.79	\$1.46	1.80%
75 CCF	\$111.21	\$113.41	\$2.20	1.97%
100 CCF	\$141.09	\$144.02	\$2.93	2.08%
150 CCF	\$200.86	\$205.25	\$4.39	2.19%
200 CCF	\$260.63	\$266.49	\$5.86	2.25%
250 CCF	\$320.40	\$327.72	\$7.32	2.28%

300 CCF	\$380.17	\$388.95	\$8.78	2.31%
350 CCF	\$439.94	\$450.19	\$10.25	2.33%
400 CCF	\$495.85	\$507.57	\$11.71	2.36%
450 CCF	\$550.81	\$563.98	\$13.18	2.39%
500 CCF	\$605.76	\$620.40	\$14.64	2.42%
750 CCF	\$880.51	\$902.47	\$21.96	2.49%

1,000 CCF	\$1,155.27	\$1,184.55	\$29.28	2.53%
1,250 CCF	\$1,430.03	\$1,466.63	\$36.60	2.56%
1,500 CCF	\$1,704.79	\$1,748.71	\$43.92	2.58%
1,750 CCF	\$1,979.54	\$2,030.78	\$51.24	2.59%

**Response to Department of Telecommunications
and Energy
First Set of Information Requests
Persons Responsible: Arthur Freitas**

**Blackstone Gas Company
D.T.E. 04-79**

**FIRST SET OF INFORMATION REQUESTS OF THE
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

**BLACKSTONE GAS COMPANY
D.T.E. 04-79**

Question:
DTE 1-20 Please explain the change in the usage level for the head block in proposed rates R-3 and R-4 from previous rates.

Response: The Company is not proposing to increase the head block usage level. The usage level on the bill impact schedules of 40 Ccf is a typographical error. The rates were designed using a 30 Ccf head block. Please see the corrected bill impact analysis in DTE 1-19.

**Response to Department of Telecommunications
and Energy
First Set of Information Requests
Persons Responsible: Arthur Freitas**

**Blackstone Gas Company
D.T.E. 04-79**

**FIRST SET OF INFORMATION REQUESTS OF THE
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

**BLACKSTONE GAS COMPANY
D.T.E. 04-79**

Question:
DTE 1-21 Refer to Exhibit C. Please provide workpapers and calculations for all classes'
bill impact analyses.

Response: Please see response to DTE 1-4.

**Response to Department of Telecommunications
and Energy
First Set of Information Requests
Persons Responsible: Arthur Freitas**

**Blackstone Gas Company
D.T.E. 04-79**

**FIRST SET OF INFORMATION REQUESTS OF THE
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

**BLACKSTONE GAS COMPANY
D.T.E. 04-79**

DTE 1-22 Refer to Exhibits A and C. Please reconcile the different rates noted on Exhibit A's M.D.T.E. 85 with Exhibit C's bill impact analysis for the Off Peak charges for S-1.

Response: MDTE 85 should be corrected to reflect the proposed rates shown in the bill impact analysis. Attachment DTE 1-22 is the corrected Rate S-1.

Attachment DTE 1-22

M.D.T.E. No. 85
Canceling M.D.T.E. No. 78

BLACKSTONE GAS COMPANY

School Rate S-1

AVAILABILITY

Service under this rate is available only for the Kennedy Maloney School and is a temporary rate designed to transition the school to a fully embedded cost of service rate.

SERVICE DISTRIBUTION

Monthly Billing

\$12.00 per customer, per month, plus

Peak (Nov-Apr)

Off-Peak (May-Oct)

42.842 cents

42.842 cents

per ccf for all usage.

COST OF GAS ADJUSTMENT

In addition to the above charges, customers that purchase gas supply from the Company Default Service, will pay the CGA approved by the Department.

LOCAL DISTRIBUTION ADJUSTMENT CLAUSE

All customers will pay the LDAC approved by the Department.

RESIDENTIAL CONSERVATION SERVICE

The above rates are subject to a monthly charge as approved by the Department.

TERMS AND CONDITIONS

The Company's terms and conditions in effect from time to time, where not inconsistent with any specific provision hereof, are part of this rate.

Issued By: Mr. James Wojcik
Title: President

Effective: November 1, 2004

**Response to Department of Telecommunications
and Energy
First Set of Information Requests
Persons Responsible: Arthur Freitas and Counsel**

**Blackstone Gas Company
D.T.E. 04-79**

**FIRST SET OF INFORMATION REQUESTS OF THE
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

**BLACKSTONE GAS COMPANY
D.T.E. 04-79**

Question:

DTE 1-23 Refer to Exhibits A and C. Please reconcile the different rates noted on M.D.T.E. 84 with Exhibit C's bill impact analysis for the Off Peak charges for G-1.

Response: M.D.T.E. 84 contained a typographical error. A corrected Tariff is provided in Attachment DTE 1-23.

Attachment DTE 1-23

M.D.T.E. No. 84
Canceling M.D.T.E. No. 77

BLACKSTONE GAS COMPANY

General Service Rate G-1

AVAILABILITY

Service under this rate is available for all commercial and industrial purposes.

SERVICE DISTRIBUTION

Monthly Billing

\$12.00 per customer, per month, plus

Peak (Nov-Apr)

Off-Peak (May-Oct)

77.116 cents

77.116 cents

per ccf for the first 30 ccfs of consumption, plus

58.415 cents

45.263 cents

per ccf for the next 330 ccf of consumption, plus

51.712 cents

35.628 cents

per ccf for consumption in excess of 360 ccfs.

COST OF GAS ADJUSTMENT

In addition to the above charges, customers that purchase gas supply from the Company Default Service, will pay the CGA approved by the Department.

LOCAL DISTRIBUTION ADJUSTMENT CLAUSE

All customers will pay the LDAC approved by the Department.

RESIDENTIAL CONSERVATION SERVICE

The above rates are subject to a monthly charge as approved by the Department.

TERMS AND CONDITIONS

The Company's terms and conditions in effect from time to time, where not inconsistent with any specific provision hereof, are part of this rate.

Issued By: Mr. James Wojcik
Title: President

Effective: November 1, 2004

**Response to Department of Telecommunications
and Energy
First Set of Information Requests
Persons Responsible: James Wojcik and Counsel**

**Blackstone Gas Company
D.T.E. 04-79**

**FIRST SET OF INFORMATION REQUESTS OF THE
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

**BLACKSTONE GAS COMPANY
D.T.E. 04-79**

Question:
DTE 1-24 Refer to the Settlement at page 2. Please explain the reasons for the large increases in insurance costs and provide copies of the Company's insurance policies.

Response: Increases were related to general increase in insurance markets. Copies of the policies will be provided in a supplemental response.

**Response to Department of Telecommunications
and Energy
First Set of Information Requests
Persons Responsible: Arthur Freitas and Counsel**

**Blackstone Gas Company
D.T.E. 04-79**

**FIRST SET OF INFORMATION REQUESTS OF THE
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

**BLACKSTONE GAS COMPANY
D.T.E. 04-79**

Question:

DTE 1-25 Refer to Boston Gas Company, D.T.E. 03-40, at 502-504. Have the Company and the Attorney General reached an agreement with regards to Pricing and Rate Design Flexibility when changing rates pursuant to the Price Cap Formula? If yes, describe the agreement in detail.

Response: Under the Settlement Agreement all increases and decreases during the PBR Plan and Earnings Sharing will be allocated "on a uniform per ccf basis" per Sections 2.3 and 2.5 (A) and (B) unless the Company and the Attorney General jointly agree on an alternate allocation.